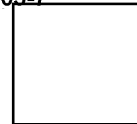


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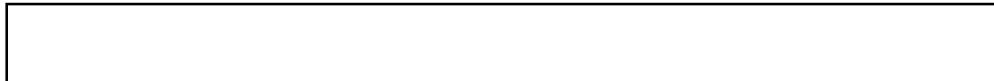
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SOURCE



1. The Office for Reparations employed approximately 150 persons, of which about 50 percent belong to the SED. All but two of the leading functionaries were SED members.

2. The following is the structure of the Amt fuer Reparationen: (Office for Reparations)

Director of the AfR:

Under him:

Cadre Department

Department for Classified Documents

Secretariat

Three Deputies - with the rank of Main Department Directors; each has two or three departments under him:

Departments:

Rolling Mill Equipment

Material Procurement

New Ship Construction and Repairs

Electrical and Other Equipment

Finance

General Administration

Motor Pool

2. The director of the AfR from July 1953 on was Bernd Weinberger. Weinberger is about 40 years old and about 1.85 meters tall. He is a

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Hungarian Jew who lived for a long time in the USSR where he was active as an engineer plant manager. He was allegedly a member of the CPSU. He speaks broken German. His wife is also Jewish. It is believed that he was married and resided in Germany prior to the persecution of the Jews by the Nazis. He is hated and feared by those who work for him but has unusually good relations with the Russians and allegedly has close personal contacts in the SSD. He was formerly Main Administration Director for Reparations in the DWK, and has been the director of the AfR since its founding. When Willi Stoph became East German Minister of the Interior, Weinberger took over the Office for Economic Questions (BEW) with the rank of Generalmajor and the position of Deputy Minister of the Interior. When the former Ministry for Machine Construction was split up into three individual Ministries, Weinberger was appointed Minister for Transport Machine Construction. He stated himself in a self-criticism made upon his demotion to the AfR that on 17 June he actually signed a resolution presented by the workers of the Warnow-Werft demanding the dissolution of the Government, but he maintained that he had not read the document he signed. Personnel of the AfR believe that Weinberger has his Russian citizenship to thank for the fact that he was not completely removed from the East German scene, as was Adalbert Hengst, who also signed the resolution. Weinberger's predecessor in the AfR was Hans Heinz Schober. Schober is about 35, and is much more popular than Weinberger. By profession he is an engineer, and in 1945 was a main department director in the AfR. He then became director of the Geological Commission and after that succeeded Weinberger at the AfR. It is believed that he is a Berliner. He is currently awaiting reassignment.

3. The following are the deputies to the director of the AfR:
 - a. Fedor von Koenig. Responsible for rolling mill equipment and material procurement, and, together with Weinberger, responsible for planning and reporting. Koenig is 45-50 years old; reported to be from the Rhineland; a member of the SED; well-liked by the personnel. He is an engineer by profession, and worked his way up from Sachbearbeiter to his present position. He does not get along well with Weinberger but remains in his job because he is an excellent technician.
 - b. Kurt Koch. Responsible for new ship construction and ship repairs and electrical and other equipment. He is about 33 years old. He was a P.O.W. in Russia and was "re-educated" there. By profession he is a technician and also worked his way up from Sachbearbeiter to deputy director of the AfR. He is considered a dangerous and ambitious man who lets nothing stand in his way. In 1952 he attended the Karl Marx Party Academy for a one-year course. It is alleged that he is to take over the position of director of the Office for Material Procurement, a post formerly held by Alfred Binz.
 - c. Hans Paetzold. Responsible for finances, general administration and the motor pool. Paetzold is 38 or 40 years old and a member of the SED. He is considered an able merchant. He was first with the Saxony-Anhalt Land government, and then director of the Finance Department of AfR. He then completed a two-year course at the Karl Marx Party Academy and returned to the AfR as deputy.

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4. The following are the department chiefs in the AfR:

- a. Rudolf Huchel. Director of the Cadre Department. He is in his early 40's, comes from Leipzig and has been with the AfR since 1952. He started as Personnel Referent and became chief of the Cadre Department in early 1953. He is about 1.60 meters tall, and has black hair. His predecessor as chief of the Cadre Department was Peter Voss, about 40 years old; a much feared old-time Communist; formerly employed in the main department for cadre of the Ministry of the Interior and now with the Karl Marx Party Academy.
- b. Lotte Leuschke. Chief of the Secretariat. A member of the SED. She has been with Weinberger in all of his positions and is considered to be his confidant.
- c. Gerhard Schumacher. Chief of Department for Planning and Reporting. About 30 years old; was "re-educated" in the USSR. He was first employed at the AfR as an interpreter. He is very active politically. He has a large, massive build.
- d. Erhard Kuenmel. Chief of the Rolling Mill Department. A P.O.W. in the USSR where he was "re-educated". He is 27 years old; has commercial training; a member of the SED; a member of the BFO (Betriebsparteiorganisation) directorate. He is very active politically.
- e. Guenther Schlichting. Chief of the Department for Material and Supply. Belongs to no Party; about 26 years old; commercial training; a good worker. The BMW funds are under his jurisdiction.
- f. Guenther Purz. Chief of the ship construction department. He is a ship construction engineer; in his mid-30's; a member of the SED.
- g. Wilhelm Ernst. Chief of the Department for Electrical Equipment. Belongs to no Party; about 50 years old; purely a technician.
- h. Kurt Neumann. Chief of the Finance Department. About 45 years old; a banking expert; a candidate of the SED; decent and well-liked.
- i. Hans Dinkner. Chief of the Department for General Administration. About 50 years old; a member of the SED; has the rank of Hauptsachbearbeiter.
- j. Wilhelm Joiko. BFO Secretary until November 1953. About 28 years old; a technician by profession; lives in Stalinallee. In the BFO 1953 election he received the smallest number of votes despite the fact that he had been personally nominated by Weinberger for re-election. His defeat was caused by his egotism and domineering manner. There were 12 candidates for the BFO.
- k. Kenzel (fnu). Current BFO secretary. 50 or 55 years old; formerly Hauptreferent in the Department for Ship Construction; an old-time Communist and a faithful SED member.
- l. Two unidentified SED functionaries were stationed at the offices of the AfR. They worked in close conjunction with the Cadre Department and the BFO. They made nightly security checks of the offices.

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Functions of the AfR:

5. The AfR was responsible for all reparations deliveries to Poland as well as to the USSR. About two months before the beginning of every new year, the chief of the SCC personally sent Otto Grotewohl the reparations plan for the coming year. The plan went through the Council of Ministers to the chief of the AfR. It was then the duty of the chief of the AfR to see to it that the State Planning Commission and the East German Ministries placed the orders called for in the reparations plan. The AfR and its chief were directly under the Minister President and/or the Government Chancellery. The AfR was authorized to issue orders to all Ministries and even to the State Planning Commission. In practice, the individual ministries received instructions to fill necessary reparations orders at special sessions of the Council of Ministers. The financing of all reparations orders was done through the AfR. The AfR had at its disposal a special DMW fund amounting to 1 to 1.5 million DMW; this fund was used to purchase installations and materials from the West and was administered by the Chief of the Material Procurement Department. Factories engaged in reparations production occasionally required articles which could not be produced in the proper quality in East Germany, such as special steels, springs, refrigerants (Kaeltemittel), and electrodes. In such cases the factory had to pay at a 1 to 1 rate and receive through the Deutsche Notenbank the necessary DMW allocation with which the factory, through middlemen, could purchase the required materials. Only in a very few cases could the materials in question be obtained through legal interzonal trade. If the factory itself was unable to make purchases in the West, the Meletex firm, which is engaged exclusively in illegal West Berlin and West German trade, was called in. In the second half of 1953, Meletex expended 500,000 DMW alone for the repair of Russian warships; the money was used to purchase motors and spare parts illegally from MAN.
6. All Russian complaints concerning reparations deliveries were channeled through the AfR. A guarantee of from 12 to 18 months was incorporated in the reparations orders. In each case the delivering firm had to transfer to the AfR the cost of any article about which the Russians complained within five days. After the delivery of a replacement for the article in question, the sum of money was retransferred to the delivery firm. In many cases the money was made up for out of the reparations fund. The articles about which the Russians complained most were transformers (electricity stations). Complicated machines had to be assembled in the USSR by employees of the German factories.
7. The Soviet Administration for Reparations was first under the SCC. When the SCC was transformed into the Soviet High Commission, the Administration under its Chief N. I. Melnikov, who has headed the Administration since 1949, was made an independent office. Melnikov's predecessor, Generalmajor L. I. Sorin, is alleged to be the current Deputy Minister of the Interior for the USSR. The structure of the Administration for Reparations in Karlshorst corresponds completely to that of the AfR. As a rule, individual department chiefs deal with their opposite numbers on individual questions.
8. When the reparations plan was not completed on schedule because of procedural difficulties, a complicated exchange of letters took place. As a rule the Russians were quite reasonable in such cases. Attempts on the part of German offices to lower the reparations plan because it could not possibly be fulfilled were never successful, however.

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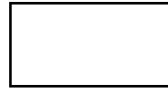
9. The plan value for reparations for 1953 amounted to a total of 122.5 million U.S. dollars (based on 1938 world market prices). Because of the increased costs of material since 1938, however, the plan value actually amounted to 1.3 billion DME; in other words, slightly less than three times the calculated price. In 1952 the reparations plan value amounted to the same sum. Until 1951, reparation plan values were given in DME, but they were also based on 1938 world market prices. In addition, 600 million DME extra had to be paid annually to Vismut A.G. as reparations. This sum, however, appears in no accounting of reparations deliveries. State Secretary Willi Rumpf paid it into an account designated each year by the SCC.
10. The chief participants in the reparations program were the SAG's. Eighty percent of their production went to reparations; that is, the Russians manufactured the products themselves and then sold them to the East German government which, in turn, surrendered them to Russia as reparations.
11. Since 1952 the main emphasis in reparations deliveries has been placed on marine construction; roughly 30 million U.S. dollars of the total planned reparations sum, that is, about one fourth of total reparations, were for ship construction. The new ships constructed were primarily luggers, floating dry-docks, coastal patrol boats, and river passenger boats for the canals in the USSR (average capacity 400-600 persons). In 1953, large freighters were constructed for the first time. The first two were 3,000-ton freighters, and according to the old prospective plan, 10,000 ton freighters were to be constructed in 1955. Ships which were repaired on reparations accounts were for the most part confiscated warships; for example, turbine boat B 7, which was repaired at the Larnow-Werft in late 1953. In 1953, electric directional equipment (Peilanlagen) was delivered to Russia as reparations for the first time. These devices were constructed by Funkwerk Kopenick, EAW Treptow and Funkwerk Erfurt. Rolling mills, small section mill trains, motors of all kinds, cranes (primarily from SAG Bleichert), potash salts and diesel fuels (from SAG Leuna and SAG Boehlen) were also important reparations deliveries. Since 1950, foodstuffs reparations have been of no importance whatsoever. In 1948 and 1949, however, East Germany was required to deliver considerable amounts of sugar, oil seeds, canned goods, etc. as reparations.
12. In connection with the cessation of reparations on 31 December 1953, the AfE was dissolved as an independent office; it is to be gradually phased out by 31 January 1954. The entire apparatus still exists, however, under the name of the Office for Export Control (AfE)*. The AfE is no longer personally responsible to Grotewohl but appears to be a State Secretariat with Geschlossenem Geschaeftsbereich under Minister for Foreign and Domestic Trade, Kurt Gregor. The structure and the departments of the organization remain the same. The volume has increased somewhat, however, (corresponding to the supplementary export plan amounting to 1.5 billion dollars). In this connection China and North Korea are now being included in the deliveries which have been extended to cover consumer goods such as textiles and shoes. It is as yet too early to tell whether the AfE will really develop into a control organ for all East German exports or whether it will continue to work on deliveries which are of special interest to the USSR. In any case the original fear that the removal of the SAG's would bring about a recession of production has proved to be unfounded. Basic production continues to be the same. Only the method of payment has changed. It is not clear whether reparations disguised in some other form will continue.

* Note: Amt fuer Export-Kontrolle

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13. The AfR did not work very closely with the Central Committee of the SED. It dealt directly with the Russians. Only in cases where repara-tions deliveries were far in arrears was the Economic Department of the Central Committee called in, usually for the purpose of organizing factory competitions in an attempt to fulfill production plans. In such cases Adalbert Hengst or Otto Schoen, and recently Gerhard Ziller, dealt with AfR officials. In cases where sabotage was suspected within the AfR or in factories under its jurisdiction, the SED and the Central Control Commission were called in simultaneously. In important matters Wilhelm Zaisser and Fritz Lange intervened personally.

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